



California Public Utilities Commission

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News Release

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PUC HELPS EASE IMPACT OF RISING NATURAL GAS PRICES FOR PG&E CUSTOMERS

SAN FRANCISCO, Nov. 18, 2005 – The California Public Utilities Commission (PUC) in ongoing efforts to help consumers manage rising natural gas prices, today approved a program for Pacific Gas and Electric Company (PG&E) that encourages natural gas conservation and provides consumers with an estimated winter gas bill reduction of \$200 million.

Under the “10/20” program, PG&E’s residential and small commercial customers will receive a 20 percent rebate if they achieve a 10 percent year-over-year reduction in natural gas consumption from January through March 2006. The amount of the rebate would be 20 percent of the customer’s total natural gas bill over the same three-month period and be credited to natural gas bills issued after March 31, 2006. The average residential gas customer who reduces their natural gas usage by 10 percent will save approximately \$90 under the program with \$60 resulting from the rebate and the remainder due to reduced natural gas usage through conservation. Consumers do not need to enroll in the program - their usage will be automatically tracked by PG&E.

Natural gas prices are expected to be at exceedingly high levels during the upcoming winter, due in part to the impact of Hurricanes Katrina and Rita on the Gulf Coast’s natural gas production and supply infrastructure. These events caused a further run-up in natural gas prices leading to heightened concerns about 2005-2006 winter natural gas bills.

“I want to commend PG&E and The Utility Reform Network for their collaborative efforts in bringing forth the 10/20 program and proactively addressing winter natural gas bills,” said PUC President Michael R. Peevey. “This and other actions the PUC and utilities have taken will help to ease the burden of rising natural gas prices.”

The Commission, with the involvement of the state’s natural gas utilities and other concerned parties, has taken a variety of actions to help mitigate the impact of anticipated high 2005-2006 winter natural gas prices on consumers. On Oct. 6, 2005, the Commission held a Full-Panel Hearing

to examine ways to reduce the impact of rising natural gas prices on low-income customers. Based on proposals submitted following the Hearing, the Commission expanded the eligibility requirements for the California Alternative Rates for Energy (CARE) program, approved the acceleration of utility energy efficiency plans, and approved natural gas hedging plans for PG&E, Southern California Gas Company, and San Diego Gas and Electric Company in order to protect customers from gas price spikes.

In addition, the Commission strongly supports energy efficiency and conservation as a key step toward meeting California's energy needs. Striving to minimize and use energy wisely serves to ensure adequacy of supply, maintain reasonable prices, and reduce the likelihood and impact of price spikes, as outlined in the state's Energy Action Plan II.

For more information on the PUC, please visit www.cpuc.ca.gov.

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